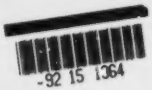

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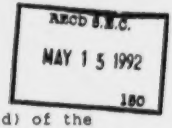
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549




FORM 10-Q

(X) Quarterly Report Pursuant to Section 13 or 15(d) of the Securities exchange Act of 1934

10K

For the quarterly period ended March 31, 1992.

( ) Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Transition period from _____ to _____.

Commission File Number 0-13257.

NORTECH SYSTEMS INCORPORATED
(Exact name of registrant as specified in its chapter)

| MINNESOTA | 41-1681094 |
|---|---|
| (State or other jurisdiction of Incorporation or organization) | (I.R.S. Employer Identification No.) |

641 East Lake St. Suite 234, Wayzata, MN 55391
(Address of principal executive offices) (Zip Code)

(612) 473-4102
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(b) of the Act:
Common Stock, $.01 per share per value.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

PROCESSED
MAY 18 1992



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APPLICABLE ONLY TO REGISTRANTS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

YES X NO

APPLICABLE ONLY TO CORPORATE REGISTRANTS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of latest practicable data.

As of April 30, 1992, there were 2,240,794 shares of the Company's $.01 per share par value common stock outstanding.

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NORTECH SYSTEMS INCORPORATED
FORM 10-Q
QUARTER ENDED March 31, 1992

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NORTECH SYSTEMS INCORPORATED
BALANCE SHEETS
MARCH 31, 1992 AND DECEMBER 31,1991

| ASSETS | MARCH 31 1992 (UNAUDITED) | DECEMBER 31 1991 (AUDITED) |
|---|---|---|
| Current Assets | | |
| Cash and cash equivalents | $ 632,468 | $ 883,487 |
| Accounts receivable, net | 927,428 | 636,599 |
| Inventories: | | |
| Finished goods | 11,822 | 8,752 |
| Work in process | 158,003 | 68,079 |
| Raw materials | 585,493 | 396,837 |
| Total inventories | $ 755,318 | $ 473,668 |
| Prepaid expenses and other | 60,869 | 49,198 |
| Total current assets | $ 2,376,083 | $ 2,042,952 |
| PLANT, Property, and Equipment (at Cost) | | |
| Land and Building | $ 840,000 | $ 840,000 |
| Manufacturing equipment | 843,868 | 475,239 |
| Office and other equipment | 937,381 | 925,859 |
| Leasehold inprovements | 3,468 | 0 |
| | $ 2,624,717 | $ 2,241,098 |
| Less accumulated depreciation and amortization | (1,330,396) | (1,310,244) |
| | $ 1,294,321 | $ 930,854 |
| Other Assets | 1,000 | 1,000 |
| Total Assets | $ 3,671,404 | $ 2,974,806 |

NORTECH SYSTEMS INCORPORATED
BALANCE SHEETS
MARCH 31, 1992 AND DECEMBER 31,1991

LIABILITIES AND SHAREHOLDERS' EQUITY

| | MARCH 31 1992 (UNAUDITED) | DECEMBER 31 1991 (AUDITED) |
|---|---|---|
| Current Liabilities: | | |
| Current maturities of long-term debt | $ 175,245 | $ 173,772 |
| Accounts payable | 770,895 | 400,505 |
| Accured payrolls and commissions | 210,744 | 143,603 |
| Accured professional services | 6,858 | 27,240 |
| Other | 11,248 | 49,845 |
| Total Current Liabilities | $ 1,174,990 | $ 794,965 |
| Long-Term Debt | | |
| Notes Payable (net of current maturities shown above) | $ 1,198,491 | $ 1,012,942 |
| Shareholders' Equity: | | |
| preferred stock, $1 par value; 1,000,000 shares authorized; 250,000 shares issued and outstanding in 1991 | $ 250,000 | $ 250,000 |
| common stock - $.01 par value; 9,000,000 shares authorized; 2,240,794 shares issued and outstanding in 1991 | 22,408 | 22,408 |
| additional paid-in capital | 11,322,929 | 11,322,929 |
| accumulated deficit | (10,297,414) | (10,428,438) |
| Total Shareholders' Equity | $ 1,297,923 | $ 1,166,899 |
| Total Liabilities and Shareholders' Equity | $ 3,671,404 | $ 2,974,806 |

NORTECH SYSTEMS INCORPORATED
STATEMENTS OF INCOME (LOSS)
FOR THE THREE MONTHS ENDED
MARCH 31, 1992 AND MARCH 31, 1991

| | MARCH 31 1992 (Unaudited) | MARCH 31 1991 (Unaudited) |
|---|---|---|
| Sales | $ 1,601,171 | $ 1,637,243 |
| Cost of Sales | 1,245,922 | 1,325,865 |
| Gross Profit | $ 355,249 | $ 311,378 |
| Selling, General and Admin. | 214,420 | 164,685 |
| Misc. (Income) Expense, net | (36,904) | (17,257) |
| Interest Expense | 31,765 | 18,849 |
| Net Income (Loss) Before Extraordinary Gains | $ 145,968 | $ 145,101 |
| Extraordinary Gains | 0 | 0 |
| Net Income | $ 145,968 | $ 145,101 |
| Income (Loss) per Share of Common Stock | | |
| Before extraordinary gains | $ 0.07 | $ 0.06 |
| Extraordinary gains | $ 0.00 | $ 0.00 |
| Net income | $ 0.07 | $ 0.06 |
| Weighted Average Number of Shares Outstanding | 2,240,794 | 2,240,794 |

NORTECH SYSTEMS INCORPORATED
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED
MARCH 31, 1992 AND MARCH 31, 1991

| | MARCH 31 1992 (UNAUDITED) | MARCH 31 1991 (UNAUDITED) |
|---|---|---|
| Cash Flows from Operating Activities | | |
| Net Income | $ 145,968 | $ 145,101 |
| Adjustments to reconcile net lossto net cash used by operating activities: | | |
| Depreciation and amortization | 20,152 | 7,124 |
| Provision for losses on acct/rec. | 0 | 0 |
| Gain on sale of capital equip. | 0 | 0 |
| Extra-ord.gain on conv. debt/com/stk | 0 | 0 |
| Changes in Operating Assets and Liabilities: | | 0 |
| Accounts receivable | (290,829) | (152,991) |
| Inventories | (281,650) | 28,865 |
| Prepaid expenses | (11,671) | (5,580) |
| Other assets | 0 | 0 |
| Accounts payable | 370,390 | (44,662) |
| Accured payrolls | 67,141 | 111,456 |
| Other accruals | (58,979) | (106,501) |
| Deferred lease credits | 0 | 0 |
| Net cash used by operating act. | (39,478) | (17,188) |
| Cash Flows from Investing Activities: | | |
| Acquistion of equipment | (383,619) | (2,495) |
| Proceeds from sale of equipment | 0 | 0 |
| Payment of pref. stock dividend | (14,946) | 0 |
| Net cash used by investing act. | (398,565) | (2,495) |
| Cash Flows from Financing Activities: | | |
| Net borrowing of L/T debt | 235,000 | 0 |
| Payments of long term debt | (49,343) | (21,851) |
| Change in current debt | 1,367 | (690) |
| Net cash provided by financing activities | 187,024 | (22,541) |
| Net Increase (Decrease) in Cash | (251,019) | (42,224) |
| Cash at Beginning of Period | 883,487 | 396,466 |
| Cash at End of Period | $ 632,468 | $ 354,242 |

Item 2. **Management's Discussion and Analysis of Financial Condition and Results of Operations.**

Results of Operations for Quarter Ended March 31, 1992.

For the quarter ended March 31, 1992, the Company had revenues of $1,601,171 compared to revenues of $1,637,243 for the quarter ended March 31, 1991. The net income for the three months ended March 31, 1992 was $145,968 or $.07 per share, compared to a net income of $145,101 or $.06 per share, for the three months ended March 31, 1991.

The Company's order backlog was $1,980,072 as of March 31, 1992, compared to $1,540,351 at the beginning of the quarter. Based on the current conditions the Company anticipates higher revenue levels in the second quarter of 1992 compared to the first quarter of 1992.

Liquidity and Capital Resources.

The Company's working capital decreased to $1,201,093 during the first quarter of 1992, compared to $1,247,987 as of December 31, 1991. The decreased working capital is due to the purchase of capital assets needed for increased production. The Company believes that its financial stability will continue to improve during 1992 and would expect that its operating cash flow will be sufficient to fund the expected growth in the near term.

## PART II - OTHER INFORMATION

Item 2. Exhibits and Reports on Form 8-K.

A. No exhibits are filed as part of this Quarterly Report on Form 10Q.

(The remainder of this page was intentionally left blank.)

## SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: April 13, 1992

NORTECH SYSTEMS INCORPORATED

By: /b/

Quentin E. Finkelson
Its President and Chief Executive Officer

By: /b/

Garry M. Anderly
Principal Financial Officer and Principal Accounting Officer